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Utilities Division

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Boyd Dunn
Sandra D. Kennedy
Justin Olson
Lea Márquez Peterson

September 4, 2019

Mr. Thomas K. Chenal, Chairman
Arizona Power Plant and
Transmission Line Siting Committee
Assistant Arizona Attorney General
2005 North Central Avenue
Phoenix, Arizona 85004-1592

RE: CHEVELON BUTTE WIND GEN-TIE PROJECT, LINE SITING CASE NO. 182 – APPLICATION FOR CEC (DOCKET NO. L-21080A-19-0171-00182)

Dear Chairman Chenal:

On August 2, 2019, the Arizona Corporation Commission ("Commission") received your letter regarding the Chevelon Butte RE LLC's ("Applicant") Application ("Application") for the issuance of Certificates of Enviromnental Compatibility ("CEC") for the Chevelon Butte Wind Gen-Tie Project, to construct a transmission line and associated substation facilities as more fully described in the Application.

This letter is the Commission's Utility Division's ("Staff") response addressing the question of whether the proposed project improves the reliability and/or safety of the operation of the grid and the delivery of power in Arizona.

PROJECT DESCRIPTION

On July 29, 2019, the Applicant filed an Application for the issuance of a CEC for its Chevelon Butte Wind Gen-Tie Project, an approximately 12-mile-long 345-Kilovolt ("kV") Alternating Current ("AC") Generation-Tie ("Gen-Tie") line and associated substation facilities (collectively, "Gen-Tie Project"). The Gen-Tie Project is intended to support the Applicant's planned utility scale wind project, Chevelon Butte Wind Project ("Wind Farm"), which is a planned 400 to 477-Megawatt ("MW") nameplate capacity wind energy facility with a potential energy storage component. The Gen-Tie Project will interconnect the Wind Farm to the existing Arizona Public Service Company ("APS") Preacher Canyon-Cholla 345-kV line.

The Applicant is a wholly owned subsidiary of Sustainable Power Group LLC ("sPower"). On April 5, 2019, sPower filed with the Commission in the 10th Bienniel Transmission Assessment ("BTA") Docket (Docket No. E-00000D-19-0007), a ten-year plan for the Gen-Tie Project pursuant to Arizona Revised Statutes ("A.R.S.") §40-360.02. The Applicant proposes to build the Wind Farm and the supporting Gen-Tie Project in Coconino and Navajo Counties, approximately 20 miles south of Winslow, Arizona and Interstate highway 40. The Gen-Tie line

will originate in Coconino County and travel in a southeasterly direction across both private and Arizona State Trust land for approximately 12 miles before terminating in Navajo County.

The Application provides insights into the engineering design of the Gen-Tie Project. The Applicant is proposing to construct the Gen-Tie, two collector substations and one interconnecting switching station. According to the Application, the two substations allow for phased construction, where the first phase would include the Gen-Tie, the switching station and Substation 1, and the second phase would include Substation 2. There will be two lines connecting the Switching Station to the existing APS Preacher Canyon-Cholla 345-kV line. The Gen-Tie line will be constructed using either a laminated-wood H-frame or steel monopole structures and a three-phase conductor with an estimated 95-foot maximum ground clearance, with variations made to achieve site-specific mitigation objectives or engineering requirements. The Gen-Tie line is estimated to require 79 poles, but this may vary based on final engineering design. According to the ten-year plan, the Applicant anticipates one or both of the electrical transmission lines to be in operation by December 2020.

The purpose of the transmission line is to deliver electrical power generated by the Wind Farm to the regional transmission grid for the delivery of electricity. The Gen-Tie Project is an essential component for the interconnection of the proposed Wind Farm and is necessary to obtain the benefits associated with the wind generation and potential battery storage components of the Wind Farm. Therefore, the Gen-Tie Project helps obtain the benefits offered by the Wind Farm, such as improving the renewable generation portfolio and resource diversity of the state. Additionally, if the battery storage element of the Wind Farm is realized, the Gen-Tie Project could potentially provide the ability to have backup power which can be useful in case of outages and other system contingencies. Additional benefits of the Wind Farm include power generation without air emission or water use and regional socio-economic benefits. These factors could potentially contribute to improving the reliable and safe operation of the grid.

CONCLUSIONS AND RECOMMENDATIONS

Based on Staff's review of the Application, Staff believes that the proposed Gen-Tie Project has the potential to improve some aspects of the reliability, resilience, and safety of the grid as well as the delivery of power in Arizona.

Staff recommends inclusion as a condition to any CEC the Siting Committee may issue, of the standard cathodic study condition to evaluate the risk to any existing natural gas or hazardous liquid pipelines as follows:

When project facilities are located parallel to and within 100 feet of any existing natural gas or hazardous liquid pipeline, the Applicant shall:

(a) Ensure grounding and cathodic protection measurements are performed to show that the project's location parallel to and within 100 feet of such pipeline results in no material adverse impacts to the pipeline or to public safety when both the

pipeline and the project are in operation. The Applicant shall take appropriate steps to ensure that any material adverse impacts are mitigated. The Applicant shall provide to Staff, and file with Docket Control, a copy of the measurements performed and additional mitigation, if any, that was implemented as part of its annual compliance-certification letter, and

(b) Ensure that measurements are taken during an outage simulation of the project that may be caused by the collocation of the project parallel to and within 100 feet of the existing natural gas or hazardous liquid pipeline. The measurements should either: i) show that such simulated outage does not result in customer outages, or ii) include operating plans to minimize any resulting customer outages. The Applicant shall provide a copy of the measurement results to Staff and file it with Docket Control as part of its annual compliance-certification letter."

If there are any questions, please feel free to contact me, at (602) 542-6935, or Gurudatta Belavadi at (602) 542-0828.

Sincerely,

Elijah O. Abinah
Director
Utilities Division

On this 4th day of September, 2019, the foregoing document was filed with Docket Control as a Utility Division Correspondence, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Albert H. Acken
Dickinson Wright PLLC
1850 North Central Avenue, Suite 1400
Phoenix, Arizona 85004

Robin Mitchell
Arizona Corporation Commission
Director/Chief Counsel, Legal Division
1200 West Washington Street
Phoenix, Arizona 85007
legaldiv@azcc.gov
Consented to Service by Email

Elijah O. Abinah
Arizona Corporation Commission
Director, Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Terrance Unrein
Chevelon Butte RE LLC.
2180 South 1300 East
Suite 600
Salt Lake City, Utah 84106-4462

By: 
Edna Luna-Reza
Administrative Support Specialist